



EAST WISCONSIN

SAVINGS BANK

Corporate Office

109 W. Second Street
Kaukauna, WI 54130-2499
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Other Locations

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501 E. Wisconsin Avenue
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Phone: (920) 731-5858

Little Chute Office

1805 E. Main Street
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Little Chute, WI 54140-0247
Phone: (920) 759-0532

Freedom Office

N3947 Columbia Avenue
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Phone: (920) 788-6341

Kimberly Office

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Phone: (920) 788-3522

Grand Chute Office

1501 N. Casaloma Drive
Appleton, WI 54913-8244
Phone: (920) 757-9770

Member FDIC



March 26, 2019

Robert E. Feldman

Executive Secretary

Federal Deposit Insurance Corporation

550 17th Street, N.W.

Washington, D.C. 20429

Ann E. Misback

Secretary,

Board of Governors of the Federal Reserve System

Eccles Board Building

20th and C Street, N.W.

Washington, D.C. 20219

Legislative and Regulatory Activities Division

Office of the Comptroller of the Currency

400 7th Street, S.W.

Washington, D.C. 20219

Re: Community Bank Leverage Ratio

Ladies and Gentlemen:

As a community banker that has the privilege of managing a 132 year old mutual I support the proposal to institute a community bank leverage ratio (CBLR) and to simplify the capital requirements for banks with assets under \$10 billion. This proposal could save a considerable amount of time and resources during the reporting process when calculating risk weighted assets and other requirements.

I would like the capital floor to be set at 8% to enhance the ability of small community banks like ours to meet the needs of individuals and small businesses in our communities. The difference between an 8% and 9% capital requirement equates to about \$25 million in extra lending for our small \$250 million institution. We are primarily a residential lender that originates, portfolios and services our own loans. An extra \$25 million is over 200 home loans in our local community that can stay in our portfolio.

Build a "Wonderful Life"



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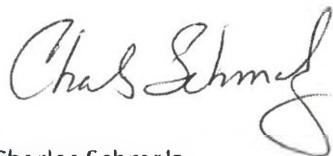


As a conservative portfolio lender our risk based capital is usually more than double the requirement. The extra time and resources required to document and maintain systems to validate a ratio that historically has never been an issue is a waste. Additionally as a mutual our ability to raise capital is almost entirely reliant on net income. Artificially raising the bar on capital further impedes our ability to grow and serve our local community.

Two other issues that I believe need to be clearly developed are the path to opt out of the CBLR and the prompt corrective action (PCA) regime. As we learned from the last crises the agencies are not always timely with guidance or responses. A filing notice only for opting in or out of the program that does not require regulatory approval would be the most workable solution. Additionally the CBLR has to be clearly optional to avoid field examiner "best practice" creep that we have all witnessed. A PCA regime that has reasonable timelines and not overly onerous consequences would be appropriate as well. In a time of crises overly zealous timelines and penalties tend to be a much larger burden on smaller institutions with limited resources.

Thank you for recognizing the regulatory burden calculating numerous types of capital ratios places on small community banks. Most community banks pose very little risk to the overall banking system but provide a tremendous benefit to the small communities that they serve. Regulatory relief has a much larger impact and direct benefit to our nation's smallest banks.

Sincerely,



Charles Schmalz
President & CEO